

WYOMING OIL AND GAS STATE TAXES

Severance Taxes¹ 4% on normal production (effective 1/1/99-12/31/2000)

3% on oil stripper wells (10 bpd or less if
average price is over \$20/bbl, 15 bpd if average
price is under \$20/bbl) (effective 1/1/99-12/31/2000)

Ad Valorem Taxes² (Statewide Mineral Tax District Average = 6.5 (6.5287))

<u>County</u>	<u>1999 Tax</u>	<u>County</u>	<u>1999 Tax</u>
Albany	6.6 (6.5837)	Natrona	7.0 (7.0250)
Big Horn	8.0 (7.9627)	Niobrara	6.8 (6.7500)
Campbell	6.0 (6.0209)	Park	7.8 (7.8268)
Carbon	6.2 (6.1902)	Platte	6.2 (6.2023)
Converse	5.9 (5.8987)	Sheridan	6.8 (6.8007)
Crook	6.7 (6.7053)	Sublette	6.1 (6.0956)
Fremont	7.7 (7.7049)	Sweetwater	6.7 (6.7491)
Goshen	6.7 (6.7255)	Teton	6.1 (6.0294)
Hot Springs	7.4 (7.4162)	Uinta	7.8 (7.8002)
Johnson	6.6 (6.5593)	Washakie	7.1 (7.0831)
Laramie	7.2 (7.2362)	Weston	7.0 (6.9888)
Lincoln	6.4 (6.3845)		

These are 1999 ad valorem taxes (latest available) which are applied against 1998 production. The figures are reassessed every July and available usually by November 1 of every year. Changes usually vary only a few hundredths of a percent from year to year.

Mill levy is assessed against the market value of the oil or gas minus the basic royalty. In case of oil, if it must be trucked to a market point, then this transportation charge is also subtracted. If the pipeline is used for transporting, then the mill levy is assessed against the well head value.

Wyoming Oil and Gas Tax Variances (see footnotes for detailed description)

- A. Tertiary Oil Production - 4% severance tax for 1st 5 years.³ (Currently this rate is 3% from 1/1/99 to 12/31/2000)¹.
- B. Renewed Production - 1.5% severance tax for 1st 60 months of production.⁴
- C. Workover/Recompletion Production - 2% Severance Tax for 1st 24 months of production after workover/recompletion.⁵
- D. New Wells Drilled (7/1/93-3/31/03)- 2% severance tax for 1st 24 months of production up to 60 bbls/day or 6 MCF/bbl gas equivalent.⁶

Wyoming Oil and Gas Conservation Tax 0.060% (effective 7/1/97)⁷

Tribal Severance Tax 8.5% on non-stripper oil production (effective 4/1/89)
4% on oil stripper wells (10 bpd or less).⁸

Attachment 1-1

¹ Rocky Hopson, State of Wyoming, Revenue and Taxation Division, Mineral Tax Section, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming, 82002-0110, 307-777-7867, Fax, 307-777-7849. The historical 6% severance

tax on normal production is imposed by four subsections (i, ii, iii, and iv) of Wyoming Statute (W.S.), 39-14-204(a), each subsection imposing a (excise) tax. **On March 3, 1999, House Bill 274 was signed into law. This legislation modifies W.S. 39-14-204(a)(iii) and (iv) to reduce the severance tax in each subsection on crude oil by one (1) percent effective January 1, 1999. The reduced rate will continue until December 31, 2000, or until the average monthly price (the statewide Wyoming composite was \$17.33 per barrel in July, 1999, and \$17.51 per barrel in August, 1999) equals or exceeds \$20.00 per barrel for three (3) consecutive months. In summary, the severance tax for crude oil was reduced from 6% to 4% for normal production, and stripper and tertiary oil production was reduced from 4% to 3%, effective January 1, 1999. (If House Bill 274 is repealed by the Wyoming legislature in early 2000, normal severance tax rates will be reinstated effective 1/1/2000).**

² Rocky Hopson, State of Wyoming, Revenue and Taxation Division, Mineral Tax Section, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming, 82002-0110, 307-777-7867, Fax, 307-777-7849.

³ Tertiary production resulting from projects certified by the Wyoming Oil and Gas Conservation Commission after July 1, 1985, and before March 31, 2001, is exempt from two percent (2%) of the severance tax imposed by W.S. 39-14-204(a)(iii) for a period of five (5) years from date of first tertiary production. This tertiary oil tax is applied to incremental production from a baseline calculation.

⁴ Oil produced from previously shut-in wells is exempt from all but 1.5% of severance tax for the first 60 months of renewed production or until the average price received exceeds twenty-five dollars (\$25.00) per barrel for six months, whichever occurs first. The oil well must have been shut in from at least January 1, 1993, to December 31, 1994.

⁵ Incremental oil or gas production resulting from a workover or recompletion of an oil or gas well between July 1, 1993, and March 31, 2001, shall be exempt from the taxes imposed by W.S. 39-14-204(a)(iii) for a period of twenty-four (24) months immediately following the workover or recompletion.

⁶ Oil and gas produced from wells drilled between July 1, 1993, and March 31, 2003, except collection wells, is exempt from the excise taxes imposed by subsections (b) and (g) of this section for the first twenty-four (24) months of production on oil production up to sixty (60) barrels per day or its equivalency in gas production, which for purposes of this subsection shall be six (6) MCF gas production for one (1) barrel oil production, or until the price received by the producer for the new production is equal to or exceeds twenty-five dollars (\$25.00) per barrel of oil or two dollars and seventy-five (\$2.75) per MCF of natural gas for the preceding six (6) month period of time.

⁷ Linda Emmons, Wyoming Oil and Gas Conservation Commission, P. O. Box 2640, Casper, Wyoming, 82602, 307-234-7147.

⁸ Terry Fisher, Wind River Severance Tax Commission, P. O. Box 830, Fort Washakie, Wyoming, 82514, 307-332-7835.

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